



Landscape

THE OCCASIONAL NEWSLETTER OF LAND PARTNERS. EXPERTS IN LAND MANAGEMENT AND FARMING



Land Partners new offices are well underway and allow scope for expansion

stable expansion

by Belinda Young



We were delighted with the response to our inaugural edition published in hard copy earlier this year and given the positive response to our plea for email addresses, have opted for the e-publishing route for this edition.

It's been another busy few months for the Land Partners team with more clients and jobs being added to our list. We continue to be very active on field-scale solar both acting for developers and helping landowners who have had approaches for sites on their land - this is explored more fully in Belinda's article on page 2. Simon sustains his interest in all things tax, having looked at various issues for a number of clients aiming to get their affairs in the best possible order and he picks up on a few pertinent issues in his articles.

You don't need me to tell you it's been an interesting year for farmers and Michael reflects on the year past and has thoughts on the year to come in his article on page 7. Simon has also reflected on what this has meant to the farmland market in his agency roundup.

We're very excited that our new office is finally taking shape - we hope to move into the real Old Stables, across the farm yard at Lyons Hall, by the New Year. The new facilities will afford us extra space, including a boardroom to replace the chair in the middle of the office. The extra space will also allow us to extend our team, already bolstered by the addition of Caroline Chater who is now working part-time and John Dodgson who joins us for his placement year from Harper Adams. Both are introduced on page 8.

So coming up to 2 years as Land Partners, we are pleased with how things are progressing. We are grateful for well-established contacts who have continued to support us and pleased that our efforts with marketing ourselves through a range of media have led us to new clients.

Do bear us in mind for any future projects where we may be able to add value as we are always happy to talk an issue through.

Best wishes for the winter season, Belinda.

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solar, so good

Belinda Young



Despite the fact you find an article on solar energy in every rural publication you open these days, I'm including an article in this newsletter because –

1. the topic is something we have been heavily involved with, and
2. this really is of the moment, as we're coming to the end of the first phase of what has been a modern day gold-rush into field scale solar.

As well as articles in our rural press, local papers have added drama to the debate with editorials and readers' letters putting forward both sides of the argument. Most are concerned with visual impact, but savvy developers are seeking sites that are minimally overlooked by residential property, footpaths or roads. There are those who express concern about the removal of land from agricultural production but this is generally countered by explaining that field scale solar allows for 'double cropping' as the area around the panels can be maintained with sheep grazing, plus suspension of intensive arable production improves habitat. What should be remembered is that most sites are granted planning permission for a limited period (generally 25 years). After this, land can be returned to agricultural production with relative ease as the infrastructure required for solar generation can be removed without leaving anything behind.

Quality variance

We have been active in this area sourcing sites and helping landowners who have been approached by developers to negotiate through potential minefields. From our experience and talking with other agents,

it's clear there are some in the market in pursuit of a quick buck, and the quality of documents being presented to landowners and the rewards offered vary widely.

Capacity

To those that think they may have a site, a word of warning: even if you have the perfect south-facing, gently sloping, not overlooked

site with a 33kV power line running alongside, the problem with starting now is going to be one of capacity. Infrastructure can only take so much power and once capacity is taken you are looking at huge (and uneconomic) costs to upgrade power lines and substations. UKPN, the network provider in East Anglia, produces a 'traffic light' map which identifies areas where there is capacity (green), less capacity (amber) and no capacity (red). In 2013, this map changed drastically - the predominant colour across East Anglia is now red. If you are approached, do have a conversation about capacity with the developer at the earliest stage as there is little point in pursuing a scheme which produces electricity with nowhere to go.

Third party rights

We have helped farmers who have been approached by developers who have secured a site on a neighbour's land but need access across their land to reach the grid connection. Whilst it is unlikely that neighbours will want to push this to a ransom situation, the value of the developer request to grant access should not be underestimated. If the connection has to be re-routed along public highways it can add significant cost to a scheme and a share of this higher alternative should be reflected in any easement paid. Developers have no statutory rights to cross your land so it is purely a matter of negotiation.

In all cases landowners should seek to have legal and agent's fees paid by the developer.

shedding a little more light...

- 2.5GW of solar generation are installed across the country producing 12% of the renewable energy capacity
- Installed costs estimates have fallen around 50% between 2010 - 2012 but the costs of the basic materials remain relatively high
- With a public approval rating of 85%, solar energy is one of the more popular forms of renewable energy
- There have been concerns raised about using high quality land for solar but in ecological terms, there is increasing evidence that if well planned and managed, there can be biodiversity benefits arising from the deployment of solar PV at a large scale
- Government is looking at ways of addressing the infrastructure issue - while network operators have been overwhelmed by connection enquiries, the number that actually progress to connection is estimated at only 10-15%
- Support for the solar industry is provided through FITs (Feed in Tariffs) for schemes up to 5MW, and ROCs (Renewable Obligation Certificates) for schemes over 50kW. ROCs will be replaced by CFDs (Contracts for Difference) in 2017.

easier diversification

The Town and Country Planning (General Permitted Development) (Amendment)(England) Order 2013 came into effect on 30 May 2013. Consultation on a further extension of permitted rights closed on 15 October 2013.

Simon Dixon Smith



The purpose of this activity is to stimulate economic growth through providing a simplified process for under-used buildings to be brought into valuable use. Those that have battled the planning system in recent years will welcome this sentiment.

The changes that came into force on 30 May affect householders, schools, offices, telecoms operators and farmers. Of particular interest to farmers is the new right to convert existing agricultural

buildings to a flexible use within A1 (shops), A2 (financial and professional services), A3 (restaurants and cafes), B1 (business), D8 (storage and distribution), C1 (hotels) or D2 (assembly and leisure).

Conversion limits

Any building to be converted must have been solely in agricultural use since 3 July 2012. For changes up to 150m² notice must be given to the local planning authority (LPA); between this size and the 500m² cumulative limit, prior approval conditions apply. Thresholds for changes of use of existing commercial buildings within the business use classes have been increased from 235m² to 500m².

Those who have already converted buildings and had them occupied as offices prior to 30 May 2013 will have three years to apply to convert them to residential use. This is subject to prior approval from the LPA which will consider issues such as highways, transport impacts and risks to the surrounding area, for example contamination and flooding.

The rights to extend and enlarge existing business premises are enhanced for a three year period up to 30 May 2016.

Further rights?

The latest consultation by the Department for Communities and Local Government was published in August. This includes

proposals to allow agricultural buildings to be converted to residential, school and nursery uses. The rights would apply to agricultural units and buildings that existed on 20 March 2013 and the residential proposals would:

- ❖ allow up to 3 additional dwellings
- ❖ subject to an upper threshold of 150m² for each dwelling
- ❖ allow physical alteration including demolition and rebuild
- ❖ be subject to prior approval of design details
- ❖ require prior approval on highways, noise, contamination and flood issues.

Either/or

To prevent abuse of this proposal, owners will be able to exercise either the right to erect farm buildings or the right to convert buildings to dwellings, but not both, within a 10 year period. Listed buildings will be excluded from any new development rights granted.

The consultation on this latest proposal has now closed and a Government response can be expected in the new year.




For regular updates throughout the year, please do follow **@LandPartners** on Twitter. For the uninitiated, Twitter lets you create your own news stream to keep you up-to-date with the topics that interest you. We've found it really useful in keeping abreast of current issues and aim to share pertinent updates with our followers.

Please also keep an eye on our website where we will be posting relevant articles on our blog, aiming to keep you up-to-date with progress on a range of rural topics **www.landpartners.co.uk**

public access

With impeccable timing, new legislation has come into force (1 October) to update our first article on Section 31 deposits.

 The Growth and Infrastructure Act 2013 brought in two main changes to legislation relating to public access both with regards to town and village greens and footpaths.

Town and Village Greens (TVG)

Change was needed to the rules brought in with the Commons Act 2006 which had made provision for people to apply to designate land which they had used 'as of right' as a TVG. This 'power to the people' move backfired as it was widely abused and used to thwart development. The current government line is far more pro-development and the title of the press release announcing this change exposes their push towards removing barriers to development, the legislation paraphrased as 'new measures to increase rural home-building.'

The 2013 Act brings in exclusions for the right to apply to register a TVG with the recognition of a series of 'trigger events' which once any of these specific events have taken place mean that no application can be made. This is only a suspension of the ability to apply as each trigger also had a 'terminating event' which then brings back in a person's ability to apply to register the land as a TVG. So, for example once a planning application is submitted a trigger event has occurred

and no TVG applications can be lodged until a terminating event takes place, say withdrawal of the application or refusal by the local planning authority.

In addition to this a landowner may now make a statement which is deposited with the appropriate authority in a prescribed form with an accompanying map. The effect of making this landowner statement is to bring to an end any period of recreational use as of right. This helps either delay the 20 year period or, if the actual usage has ceased, triggers a one-year period of grace allowing for TVG applications (reduced from two years).

Section 31 Highways Act 1980

As mentioned earlier, the new legislation also picks up on the section 31 deposits which I advocated in my previous article.

2013 legislation extends the period from the date of the original deposit statement and map to lodging a formal declaration to reconfirm the statement from 10 to 20 years. As with TVG statements, there is now a prescribed form to submit the statement and declaration.

On receipt of a statement under either of the above, the appropriate authority has an obligation to publish notice of receipt, on the authority's website and on the land in question. Another change worth noting is

Loan nuances

Farmers and landowners have long been advised to schedule debts on the farm business to minimise future inheritance tax liabilities. This generally meant offering as loan security assets that would not benefit from Agricultural Property Relief (APR) or Business Property Relief (BPR), thereby reducing the net taxable value.

Government announced changes in the 2013 budget to the rules on deductibility of loans for IHT purposes.

In considering the nature of new loans taken out after 6 April 2013, HMRC will review the purpose for which the loan was taken. If it was for IHT relievable assets, the debt will be deducted from the value of that property before the application of APR and BPR, irrespective of loan security offered. Loans must also be genuine. This means they must be repaid on or after death or there must be a commercial reason for the debt not to be repaid.

Changes will be applied to deaths, lifetime transfers and 10 year trust tax charges after 17 July 2013. Loans put in place prior to 6 April 2013 will not be affected but re-financing or repayment and redrawing of a debt could give rise to new debt that would be caught by this change of rules.

Borrowers should consider what security will attract the lowest interest rate, rather than what will offer an IHT advantage.




that the authority has the right to charge to administer these but it is not yet clear what rate they are likely to charge. Guidance from the government states that these should be kept under review to ensure that amounts are commensurate with the authority's costs.

If you have areas on your land which lie close to or within a settlement it is important to consider lodging a statement as well as continuing to take active steps to discourage access or conversely grant permissive rights.

Newspaper headlines herald improvements in house values, particularly in the south of the country. The farmland market has continued to move ahead even faster than prime London property as buyers seek a safe haven for funds in an industry with a bright future.

making capital

 There is no need for a 'help to buy' scheme as the banks remain keen on agriculture and the overall level of borrowing to UK agriculture has been allowed to rise. New entrants without considerable capital are likely to struggle.

We have registered 38 farms and blocks of land brought to the market by agents across the region in 2013. This represents over 8,100 acres. There have been 18 holdings with residential accommodation, the remainder being just land and buildings.

Size has been at a premium - the largest holding offered is the Coryton Estate on the banks of the Thames at 835 acres; there were only three other holdings over 500 acres.

Two sales have caused a stir. These are Hall Farm at Great Wilbraham (718 acres) and Cobblers Pieces at Abbess Roding (510 acres). Both are in areas where larger equipped holdings are rarely offered for sale and both were desired by potential buyers with good sources of funds. Eventual sale prices blew away previous records.

Notwithstanding these exceptional results other sales have shown a continuing steady growth in values with £8,000 per acre now considered good value for Grade 2 arable land - figures in excess of £10,000 per acre are not unusual.

Higher prices have attracted smaller blocks of land to the market that may be off-lying

or to repay debt. The sale price for these has been more variable and is dependent on local interest and good access.

The autumn market has been quiet. Farmers that have had a poor harvest in 2013 and face a large income tax bill in January 2014 may be tempted to realise some assets to ease the pressure. Evidence would suggest that they should find a ready market. The variety of prices paid makes valuation a difficult art in the current market and the only way to be sure of achieving the best price is to go to the open market.

For information and advice on buying and selling land please contact Simon Dixon Smith.

agri-environment schemes

2013 marks the end of the era of agri-environment schemes. New scheme applications or renewals of old schemes finished on 1 September 2013 and we are now in a transition period which carries forward schemes under the old Entry Level Stewardship rules in anticipation of revised schemes due in 2014.

Limited guidance is available on what new schemes will entail but the mood is shifting towards green measures. Options that might have been included in an ELS scheme may now be swept in with the requirements to claim under the Basic Payment Scheme.

Natural England offer the following guidance:

- ❖ HLS schemes will be available on a targeted basis with favour given to land within SSSI and other priority cases, to meet Water Framework Directive objectives
- ❖ £4 million will be available for new or renewed ELS agreements in specific circumstances:
 - Underpinning new HLS agreements
 - Uplands
 - Land coming out of 'classic' agreements (ESA, CSS) but not qualifying for HLS
 - Organic producers.

In addition to these existing stewardship schemes, there is funding for capital projects linked to Catchment Sensitive Farming, something which we have seen promoted first-hand in North Essex. DEFRA acknowledges that whilst CAP reform details are thrashed out, it is not possible to provide legal certainty about changes to agreements as a result of 'greening' or provide information on what might be required under the new Rural Development Programme.

What has been confirmed is that from 2015, new agri-environment schemes will have a uniform start date of 1 January. This is expected to mean that the next start date for many agri-environment schemes will be 1 January 2016.

CAP reforms nearing completion

On 31 October, DEFRA launched a consultation on the final aspects of the CAP reform. It sought responses by 28 November in order to report its preferences to the EU by 31 December.

Our article in the Spring newsletter set out the position at that time. Since then there have been a few changes, in particular:

- the payment regions in England will remain unchanged but money will be moved 'uphill' to favour more marginal farming areas
- payments above €150,000 (excluding the greening element) will be subject to 5% payment cuts above this level
- no coupled support will be offered for livestock or protein crops
- the minimum claim area will be 5ha
- existing Single Payment Entitlements will be rolled over into the new scheme
- a young farmer/new entrant top up will be offered

- greening measures will be as previously advised - crop diversification, retention of permanent grassland and ecological focus areas
- it is likely that 15% of the value of Pillar 1 will transfer to Pillar 2
- Entry Level Stewardship will be replaced/updated with a new scheme that will incorporate Catchment Sensitive Farming and Woodland Grant Schemes.

We await final approval of the EU budget for the 2014-2020 period. At this stage we



are estimating that Pillar 1 direct payments to farmers will fall by around 15% from the current level. Budget restrictions will prevent farmers making up all of the difference from Pillar 2 schemes.

Farmers will need to give careful thought before May 2014 on how changes will impact their businesses. We will keep you updated through Twitter and our blog.

seminar on CAP reform by Simon Dixon Smith

In conjunction with the CLA's chief CAP adviser, Simon presented seminars on CAP reform in Newmarket and Stilton. A copy of his slides is available on request.

taking the heat out of energy bills

As winter draws in, rural homeowners will be looking at levels in the oil tank and wondering by how much fuel prices are going to rise.

The Government is keen to encourage renewable heat generation and it has announced that the domestic Renewable Heat Incentive (RHI) will be launched in Spring 2014 as a successor to the Renewable Heat Premium Payment scheme that ends in March 2014.



Image courtesy of Apollo Heat

	Air Source Heat Pump	Biomass	Ground Source	Solar Thermal Heat Pump
Tariff (p/kWh renewable heat)	7.3	12.2	18.8	19.21

A non-domestic RHI scheme was introduced in November 2011 with payment rates under review for those technologies with the lowest take up. Government needs to accelerate take up of renewable heat technology if it is to meet its 2020 renewable energy obligations with a target of 750,000 renewable heating systems installed.

Domestic RHIs will be available to owners of single dwellings, whether first or second homes, or occupied by tenants, that have undergone a Green Deal Assessment (GDA) and had their insulation brought up-to-date.

Financial support is available for seven years at a set rate per unit of renewable


heat generated. The generation methods supported and the rates payable are above.

The technology can be installed alongside traditional boilers with the renewable heat element assessed by heat meter.

Those interested in joining the scheme should commission a GDA soon in order that any works can be carried out in good time. The scheme will be retroactive so approved plants installed before the commencement date will still be eligible for the payment.

Any owner of a residential property should consider this scheme.

just when is a farmer active?

 The question of Active Farmers has been discussed in the context of CAP reforms but has been largely dropped from the final draft as being a concept that is too hard to regulate.

Our own HMRC has no such doubts about the issue when it comes to inheritance tax (IHT) liabilities. Availability of Business Property Relief (BPR) and of Agricultural Property Relief (APR) on the farmhouse is dependent on the deceased having been actively involved in the farming business and, for APR on the farmhouse, in control of the day to day farming activities. HMRC's enquiries on this point have become increasingly detailed and documentary evidence is sought.

Most farming businesses will have undertaken some capital tax planning however this has tended to be focused on the head of the business. On his/her death assets may be split between the surviving spouse and other beneficiaries. Some families have taken advantage of the 'double dip' option of the spouse buying farm assets from the beneficiaries that will once again become IHT free.

It is important to ensure that where the surviving spouse continues to hold farming assets, he/she must retain their active involvement in the business. Where there is no family help available the temptation may be to let land to a local farmer to reduce the burden of management. However this may not be the most tax efficient step to take.

Land Partners has considerable experience in introducing farm management structures that maintain inheritance tax efficiency and minimise the management burden. We provide practical day-to-day farm management advice to and through the surviving spouse and maintain the paper trail that will be requested by HMRC. Similar advice is available to beneficiaries who receive farm assets but have not had a history of involvement in the farm and need assistance to run the business whilst they may concentrate on other interests.


For farm management advice, please contact Michael Chapman.

an Agronomist's view

by Michael Chapman

2012-13 what a year! We started planting rape, then it came dry. We started drilling wheat after delaying for blackgrass and it started raining, then it did not know when to stop...



 Wet weather continued throughout the cold winter, never letting rape or later drilled wheat crops establish properly, meaning keeping up with the grazing from the slugs, pigeons and rabbits became impossible.

Key in the continuing cold/wet winter was to work out on which crops to spend money. It was always easier to make a decision on re-drilling a crop that had been relatively cheap to grow to that point.

Many growers were forced to drill spring crops (which they had not done for many years) - spring barley, spring oats, spring linseed, spring wheat and spring beans all played a part. Most of these seemed to do as well or slightly better than the winter equivalent, spring barley having a very good year.

In spring key to success on nearly all crops was to spend as little as possible on fungicides (what a contrast to the year before!), to the point that some trials showed the untreated yielding equal or more than the treated! On average we saved £40-60/Ha on fungicides on wheat compared with the previous year - potentially we could have saved more.

In summary, crops yielded well when we consider what they had gone through, with well established early drilled wheat, full rape crops and spring barley doing exceptionally well.

Current - and blackgrass!

What a contrast to last year; rape establishment has been very easy and wheat is looking well, if slightly forward.

Unlike last year when we were worrying about slugs, cloddy seed beds, pigeons, drilling, re-drilling, rabbits and availability of spring seed, this year we are back to plan A - shooting, skiing and trying to predict the grain markets.

We have one thing to worry about - BLACKGRASS! A low dormancy year resulted from the June weather, which has created the best year for 'delayed drilling'. No chance!!

Crops of blackgrass were emerging at the same time as wheat - robust pre-emergent sprays worked well and on problem fields where blackgrass has been sensitised, we are topping up with Atlantis plus others.

Where we had seed in stock and conditions were on our side we have sprayed off the emerging wheat and blackgrass and re-drilled - this has worked well.

Another new technique being tried is band spraying with Glyphosate in between the rape rows - time will tell.

Future - and grain markets

Autumn crops look well, 'wall to wall' and are putting lots of energy into roots. You should have bought fertiliser at lower prices than last year and selling a small proportion, perhaps 10-15% for Nov 14 @ £148-£150 should be considered, especially if nothing has been done before. The main benefit of me mentioning this is the markets are bound to rise now!

For advice on agronomy and practical farming issues please contact Michael Chapman.

clocking up the miles around YOUR footpaths

Belinda Young has
entered the 2014
London Marathon

I've been very lucky and secured a place in the 2014 London marathon through the ballot and therefore get to choose whether to run for a charity and which charity to raise money for. I have selected a small charity as the larger ones with a national presence already dominate the marathon places. I have selected the Nancy Salmon Trust - www.salmon64.com.

I'm hoping to raise as much money as possible, and have come up with a cunning plan.....

Having suggested that people should don their wellingtons and walk their own footpaths in our last Newsletter, I'm proposing that I come and run the footpaths on your farm and let you know if there are any issues which need addressing – way-markers missing, paths blocked, alternative routes been taken etc. I won't submit a fee account but would be grateful for a donation in return for my time taken. Please do get in touch to discuss this as I'm very keen to raise money and at the same time make my training as interesting as possible!

Thank you.



welcome to Caroline...

Land Partners now has an in-house bookkeeper, Caroline Chater. Caroline worked in London for a number of years in sports broadcast operations but returned to her North Essex roots 6 years ago. Since having children, she has re-trained as a Bookkeeper, passing her ICB Level 2 in Manual Accounting and Sage software accounts in March 2012. She hopes to be able to offer Farmplan bookkeeping in the New Year.

If you are interested in bookkeeping services, please contact Caroline (caroline@landpartners.co.uk).



...and John

Land Partners are pleased to welcome John Dodgson to the team. John is from the Cambridge area and is a student of Rural Property Management at Harper-Adams University. He is spending his placement year with us in Braintree. He will be assisting Simon and Belinda in all aspects of their work. He has a particular interest in CAP reform and will be available for detailed field measuring and crop planning to ensure compliance with diversification rules and provision of Ecological Focus Areas. We hope to be able to introduce John to you over the coming months.



The Old Stables, Lyons Hall Business Park
Lyons Hall Road, Braintree Essex CM7 9SH
T 01376 328297 F 01376 327856

E info@land-partners.co.uk W www.land-partners.co.uk

